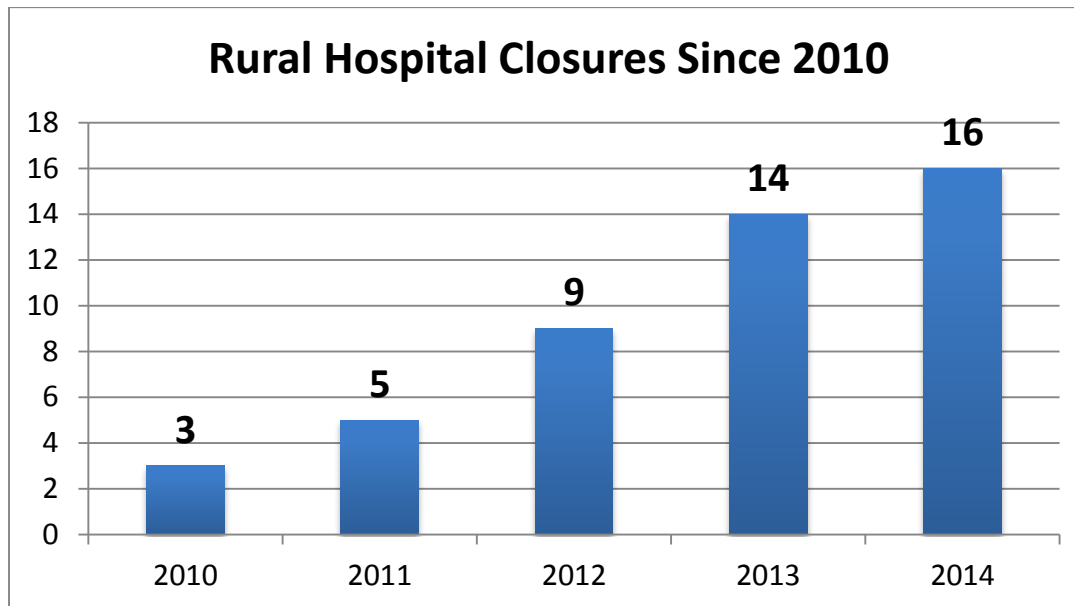


Speech of Sen. Chuck Grassley
Introduction of the Rural Emergency Acute Care Hospital (REACH) Act
Tuesday, June 23, 2015

I come to the floor today to discuss a bill I am introducing, the Rural Emergency Acute Care Hospital or REACH Act. Since January of 2010, 55 rural hospitals have closed their doors. Even more troubling is that the pace of rural hospital closures appears to be accelerating. As you can see from this chart, the number of hospital closures has increased each year over the past five years.



These closures are creating a healthcare crisis for hundreds of thousands of Americans across the country. The REACH Act will create a new rural hospital model under Medicare that will enable struggling rural hospitals to keep their doors open and maintain the most critical hospital service: emergency medicine. When a rural hospital closes, the community loses the life-saving capabilities of the emergency room. According to the National Conference of State Legislatures, 60 percent of trauma deaths in the United States occur in rural areas. After a traumatic event, access to an emergency room within one hour can be the difference between life and death.

Take for example, Portia Gibbs from North Carolina. At 48, Portia suffered a heart attack 75 miles away from the nearest emergency room. She later died while waiting for a helicopter to arrive that would have taken her over the state line to Virginia where the closest hospital was located. If Portia's heart attack had occurred just one week earlier Portia would have been transported to a hospital in Belhaven, North Carolina, just 30 miles away. Unfortunately, the facility in Belhaven had closed just six days before Portia's heart attack, citing insurmountable financial struggles.

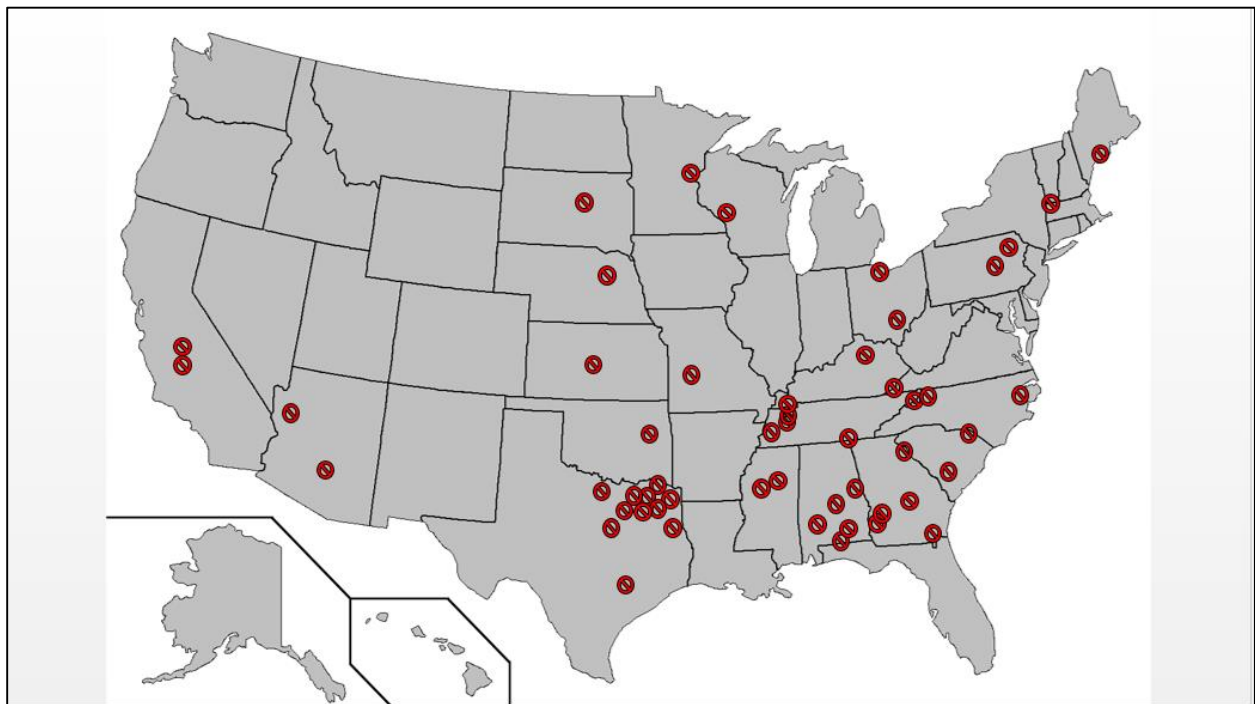
Then there is the tragic story of 18-month-old Edith Gonzales who choked on a grape in her hometown of Center, Texas. Edith's frantic parents rushed her to their local hospital, Shelby Regional Medical Center, only to discover it had closed just weeks earlier. By the time little Edith arrived at the next closest hospital, she had passed away.

While we can't say with certainty that both Edith and Portia would have survived if their local hospitals had not closed, we know that the earlier people access care, the better their chances are. The term used by emergency medical practitioners is the "Golden Hour." The "Golden Hour" is the hour following a traumatic event when life-saving intervention – like that which can be provided in an emergency room – has the best chance of impacting survival. In other words, the longer a patient has to wait to receive emergency medical care, the lower their chances will be for survival.

Rural hospital closures mean patients have to travel longer distances to access emergency medical care. Ensuring that rural communities keep their emergency care resources could make the difference between life and death.

Rural hospital closures also extend beyond the loss of emergency services to include economic consequences for rural communities. Hospital closures can mean the death of a rural community. Approximately 62 million Americans live in rural areas. Rural communities play an integral role in the economic stability of this country through their invaluable contributions in food production, manufacturing and other vital industries. In addition to supporting the medical needs of those who participate in rural industry, rural hospitals often serve as the single largest employer in a rural community. The economic impacts of closing a hospital when no other hospital is close by are devastating. If we care about the physical and economic health of rural communities, we must make a change that will reverse the trend of accumulating rural hospital closures.

iVantage Analytics compiled a report for the National Rural Health Association which identified 283 additional hospitals at risk of closure based upon performance indicators that matched those of the 53 facilities that already closed. Allow me to direct your attention to this map.



This map depicts the approximate locations of 53 of the 55 hospitals that have closed in the last five years. I would like to point out that between the printing of this chart and today, two additional rural hospitals have closed. That alone is a clear indication of the problem I am trying to convey here. Now imagine this same map depicting five times the number of hospital closures you see here. That is what will happen if we do not act to protect America's rural hospitals.

Furthermore, the loss of those additional hospitals would not only impact local economies, but would also result in a \$10.6 billion loss in GDP. It must change, not only for the health of rural Americans, but also for the health and stability of our economy. Payment cuts to hospitals are one contributing factor to rural hospital closures. More significant, however, is the current Medicare payment structure that supports rural hospitals. Today, the Medicare payment structure for hospitals is focused on inpatient volume. Emergency rooms act as a loss leader, and income is primarily generated through inpatient stays.

A RAND study published in 2013 found that the average cost of an inpatient stay is ten times the cost of an emergency room visit. Researchers at the University of North Carolina found that many of the at-risk rural hospitals around the country have an average of two or fewer patients admitted to the hospital on any given day. These hospitals can have up to 25 inpatient beds, and if only two or fewer of those beds are filled every day, that's a utilization rate of 8 percent or less.

Instead of letting these facilities close because they don't have the needed inpatient volume to generate enough revenue, why not let go of the under-utilized inpatient services in favor of sustaining life-saving emergency care. That is what the REACH Act does. It provides a voluntary pathway for rural hospitals to eliminate their underutilized inpatient services and ensure residents have access to the emergency medical care that saves lives.

A key component of the bill that allows the Rural Emergency Hospital model to function is the requirement for these facilities to have protocols in place for the timely transfer of patients who require a higher level of care or inpatient admission. The value of the Rural Emergency Hospitals in the case of a life-threatening emergency will be their ability to administer life-saving measures in order to stabilize a patient before they are transferred to a higher level of care.

In addition to providing life-saving emergency care, Rural Emergency Hospitals will have the flexibility to provide a wide array of outpatient services including observation care, skilled nursing facility care, infusion services, hemodialysis, home health, hospice, nursing home care, population health, as well as telemedicine service. This list is not all inclusive, but is just a sample of the outpatient services Rural Emergency Hospitals could provide to their communities. The door is left open for Rural Emergency Hospitals to design their outpatient services to match the needs of their communities.

There are roughly 1,300 Critical Access Hospitals in America including 82 in Iowa, the second most just behind Kansas. I am not suggesting that 1,300 Critical Access Hospitals will become Rural Emergency Hospitals. Some hospitals may never consider giving up their inpatient beds. Others may consider it in the future. But some Critical Access Hospitals need this, or something like it right now.

The Rural Emergency Hospital model with its outpatient and emergency care services will be good for the health of rural communities and our nation because of the critical care it will provide when and where rural Americans need it. When there's a farm accident in the afternoon or a heart attack in the middle of the night, that emergency room can be the difference between life and death. Medicare needs a payment policy that recognizes that simple fact. I look forward to continuing to work with my co-sponsor Senator Gardner, other colleagues and stakeholders to building a sustainable future for rural health care.